

## Rural Utilities Service, USDA

## § 1782.3

1782.23 Use of Rural Development loans and grants for other purposes.

1782.24–1782.99 [Reserved]

1782.100 OMB control number.

AUTHORITY: 5 U.S.C. 301; 7 U.S.C. 1981; 16 U.S.C. 1005.

SOURCE: 72 FR 55013, Sept. 28, 2007, unless otherwise noted.

### § 1782.1 Purpose.

This part outlines the Rural Utilities Service's (RUS), an agency delivering the United States Department of Agriculture's (USDA) Rural Development Utilities Programs, hereinafter referred to as Rural Development and/or Agency, policies and procedures for servicing direct and insured Water and Waste Disposal (WWD) loans and grants; Watershed loans and advances; Resource Conservation and Development loans; Technical Assistance and Training grants; Emergency Community Water Assistance grants; Solid Waste Management grants; and section 306C WWD loans and grants.

### § 1782.2 Objectives.

Loan and grant servicing is provided by Rural Development in order to assist recipients in complying with the established objectives and requirements for loans and grants, repaying loans on schedule, acting in accordance with any necessary agreements, and protecting Rural Development's financial interest. Servicing by Rural Development includes, but is not limited to, the review of budgets, management reports, audits, and financial statements; performing operational inspections; providing, arranging, or recommending technical assistance; evaluating environmental impacts of proposed actions by the borrower; and performing civil rights compliance and graduation reviews.

### § 1782.3 Definitions.

The following definitions apply to this part:

*Acceleration.* A written notice informing the borrower that the total unpaid principal and interest is due and payable immediately.

*Adjustment.* Satisfaction of a debt, including release of liability, when acceptance by the Agency is conditioned upon completion of payment of the ad-

justed amount at a specific time or times, with or without the payment of any consideration when the adjustment offer is approved. An adjustment is not a final settlement until all payments under the adjustment agreement have been made.

*Administrator.* Administrator of the Rural Utilities Service, an agency delivering the United States Department of Agriculture's Utilities Programs.

*Agency.* The Rural Utilities Service, an Agency delivering the United States Department of Agriculture's Rural Development Utilities Programs, or any employee acting on its behalf in accordance with appropriate delegations of authority.

*Assumption of debt.* Agreement by one party to legally bind itself to pay the debt incurred by another.

*Borrower.* Recipient of Agency or predecessor Agency loan assistance.

*Cancellation.* Final discharge of debt with a release of liability.

*Charge-off.* Write off of a debt and termination of servicing activity without release of liability. A charge-off is a decision by the Agency to remove debt from Agency receivables, however, future payments may be received.

*Compromise.* Satisfaction of a debt including a release of liability by accepting a lump-sum payment of less than the total amount owed.

*Defeasance.* Defeasance is the use of invested proceeds from a new bond issue to repay outstanding bonds in accordance with the repayment schedule of the outstanding bonds. The new issue supersedes the contractual agreements from the prior issue.

*Disposition of facility.* Relinquishing control of a facility to another entity.

*False information.* Information, known by the applicant to be incorrect, provided with the intent to obtain benefits which would not have been obtainable based on correct information.

*Government.* The United States of America, acting through the Agency. USDA, Rural Development and Agency may be used interchangeably throughout this part.

*Grantee.* Recipient of Agency or predecessor Agency grant assistance, technical assistance, or services.

*Letter of Conditions.* A written document that describes the conditions

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which the borrower and/or grantee must meet for funds to be advanced and the loan and/or grant to be closed.

*Liquidation.* Satisfaction of a debt through the sale of a borrower's assets and discharge of liabilities.

*Parity Lien.* A lien having an equal lien position to another lender's lien on a borrower's asset.

*Reasonable rates and terms.* The prevailing commercial rates and terms in the industry that borrowers are expected to pay when borrowing for similar purposes and periods of time.

*Rural Development.* The mission area of the Under Secretary for Rural Development. Rural Development State and local offices administer the water and waste programs on behalf of the Agency.

*Rural Utilities Service (RUS).* An Agency of the United States Department of Agriculture's Rural Development mission area established pursuant to section 232 of the Department of Agriculture Reorganization Act of 1994 (Pub. L. 103-354).

*Servicing office.* The USDA office which maintains the official file of the borrower or grantee and is responsible for the routine servicing of the loan and/or grant account.

*Servicing official.* USDA official who has been delegated loan and grant approval and servicing authorities subject to any dollar limitations within applicable programs.

*Settlement.* Compromise, adjustment, cancellation, or charge-off of a debt owed USDA. The term "settlement" is used for convenience in referring to compromise, adjustment, cancellation, or charge-off action, individually or collectively.

*Unliquidated obligations.* Obligated loan or grant funds that have not been advanced.

*USDA.* United States Department of Agriculture.

*Voluntary conveyance.* A method by which title to security is voluntarily transferred to the Government.

#### § 1782.4 Availability of forms and regulations.

Information about the availability of forms, regulations, bulletins, and procedures referenced in this chapter are available in any office of Rural Development

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or contact the Rural Development USDA, Washington, DC 20250-1500 or at the Web site <http://www.usda.gov/rus/water>.

#### § 1782.5 Nondiscrimination.

Each instrument of conveyance required for a transfer, assumption, sale of facility, or other servicing action under this subpart will comply with Title VI of the Civil Rights Act of 1964 (Pub. L. 88-352), Title IX of the Education Amendments of 1972 (Pub. L. 92-318), section 504 of the Rehabilitation Act of 1973 (Pub. L. 93-112), and other Federal statutes and regulations issued pursuant thereto that prohibit discrimination on the basis of race, color, national origin, handicap, religion, age, or sex in programs or activities receiving Federal financial assistance. Such provisions apply for as long as the property continues to be used for the same or similar purposes for which the Federal assistance was extended, or for so long as the purchaser owns it, whichever is later.

#### § 1782.6 [Reserved]

#### § 1782.7 Grants.

Servicing actions relating to Agency grants are governed by the provisions of several regulations and executive orders, including, but not limited to, 7 CFR parts 3015, 3016, 3017, 3018, 3019, 3021, and 3052 as applicable, and Executive Order (E.O.) 12803. Grantees remain responsible for property acquired with grant funds in accordance with terms of a grant agreement and applicable regulations.

#### § 1782.8 Payments.

Payments will be applied in accordance with the terms of the debt instrument. Information on nontypical payments can be obtained from the Servicing official or office. All new borrowers will use pre-authorized debits as required in their Letter of Conditions.

#### § 1782.9 Environmental requirements.

Servicing actions involving lease or sale of Agency-owned property will be reviewed for compliance with 7 CFR part 1794 as required in § 1794.3. The appropriate environmental review will be completed prior to approval of the servicing action.